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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11**
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SEARS HOLDINGS CORPORATION, et al., : **Case No. 18-23538 (RDD)**
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Debtors.¹ : **(Jointly Administered)**
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**DECLARATION OF DAVID S. MARTIN IN SUPPORT OF
DEBTORS' MOTION PURSUANT TO FED. R. BANKR. P. 9019(a)
FOR ENTRY OF AN ORDER APPROVING SETTLEMENT AGREEMENT
REGARDING THE EDA LITIGATION AND TAX ASSESSMENT ISSUES**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is c/o M-III Partners, LP, 1700 Broadway, 19th Floor, New York, NY 10019.

Pursuant to 28 U.S.C. § 1746, I, David S. Martin, hereby declare as follows:

1. I am a partner of the law firm Neal, Gerber & Eisenberg LLP, located at 2 N LaSalle St. Ste 1700, Chicago, IL 60602. I am the lead attorney from my firm engaged by the Debtors to represent them in connection with pending property tax assessment appeals before the State of Illinois Property Tax Appeals Board (the “**PTAB**”) with respect to real property tax assessments extended against the Debtors’ then-corporate headquarters for tax years 2016, 2017, and 2018 (the “**Sears PTAB Appeals**”). The Sears PTAB Appeals are pending under case numbers 16-21549, 17-20023 and 18-23983. I am also the lead attorney from my firm engaged by the Debtors to represent them in the civil action currently pending in the Circuit Court of Cook Count, Illinois, captioned *Community Unit School District 300, et al. v. Village of Hoffman Estates, et al.*, No. 2018-CH-12683 (Ill. Cir. Ct.) (the “**Illinois Action**”).

2. I submit this Declaration in Support of *the Debtors’ Motion Pursuant to Fed. R. Bankr. P. 9019(a) for Entry of an Order Approving Settlement Agreement Regarding the EDA Litigation and Tax Assessment Issues* (the “**Motion**”), filed concurrently with this Declaration. Unless otherwise indicated, all statements in this Declaration are based upon my personal knowledge. If called to testify, I would testify competently to each of the facts set forth in this Declaration.

3. The Sears PTAB Appeals relate to property tax assessments extended against the former corporate headquarters property of Sears Holdings Corporation (together with its affiliates, “**Sears**”), which is located within the 788-acre Economic Development Area (the “**EDA**”) in the Village of Hoffman Estates, Illinois (the “**Village**”). The former Sears corporate headquarters property includes 193.15 acres of land that has been improved with the former Sears corporate headquarters and the Sears Child Development Center (together, the “**Sears Campus**”).

4. For tax years 2016, 2017, and 2018, Sears paid a total of \$31,369,774 in property taxes levied against the Sears Campus. For each of the applicable tax years, Cook County, Illinois assessing officials assessed the Sears Campus based on an estimated fair market value of \$153,730,000.

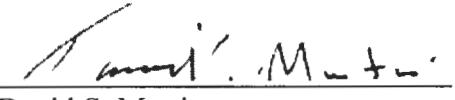
5. On or about December 9, 2016, November 13, 2017, and January 23, 2019, Sears filed the Sears PTAB Appeals before the PTAB for tax years 2016, 2017, and 2018, respectively. These appeals challenged the correctness of the property tax assessed values extended against the Sears Campus by the Cook County assessing officials. Sears submitted as evidence an appraisal of the Sears Campus that reflects an estimated fair market value of \$77,320,000. Based on Sears's appraisal evidence, if it were to prevail in the PTAB Appeals, it would be entitled to property tax refunds of \$4,656,945 for 2016, \$4,730,285 for 2017, and \$5,114,345 for 2018—or a total of \$14,501,575. In addition, Sears would be entitled to statutory interest on the refund amounts.

6. Community Unit School District 300 (the “**School District**”) and the Village have both intervened in each of the Sears PTAB Appeals. The School District has submitted as evidence appraisals of the Sears Campus that reflect an estimated fair market value of \$106,905,000. If the School District were to prevail in the PTAB Appeals, Sears would be entitled to tax refunds of \$2,644,600 for 2016, \$2,860,280 for 2017, and \$3,096,513 for 2018—or a total of \$8,597,393—as well as statutory interest on the refund amounts.

7. In response to a joint request by the parties in light of the pending Settlement Agreement, on November 19, 2021, the PTAB adjourned hearings on the Sears PTAB Appeals that had been scheduled for November 30, 2021 to a date in 2022 to be determined.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct.

Dated: November 19, 2021
Chicago, Illinois

By: 
David S. Martin